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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
20 July 1955

State Dept. review completed

TO : Deputy Director (Intelligence)

SUBJECT: Crisis in US-Yugoslav Military Aid Relationship

A meeting on 9 July between General Hains, chief of the American Military Aid Staff (AMAS) in Yugoslavia, and Yugoslav chief of staff General Vuckovic has highlighted the growing strain in US-Yugoslav relations caused by problems connected with the military aid program. Following this meeting, Ambassador Riddleberger reported that the top American officials in Belgrade believe they have exhausted all possibilities of resolving the problem of co-operation in the aid program through explanations and reasoning. Therefore, they recommend a well-controlled delay in deliveries, especially of jet aircraft and parts, suggesting that such a delay be called to the attention of the Yugoslavs with emphasis on the fact that it is not a suspension but a delay necessitated by a re-evaluation of our mutually agreed aid program.

The current difficulties stem from a long record of Yugoslav unwillingness to fulfill American legal requirements regarding supervision of the aid program. Particularly since this spring the Yugoslavs have been increasingly firm in their insistence that they cannot allow the aid program to become an excuse for American inspection or supervision of their military establishment. Because of their policy of nonalignment with any bloc, they have also been unwilling to meet Western demands since the Trieste settlement in October 1954 for closer over-all military co-ordination, even though the United States has made this a prerequisite to consideration of the increased aid which Belgrade wants.

When the general aid problems were brought to Tito's attention by Ambassador Riddleberger late in April, the Yugoslav leader indicated that he thought many of them could be resolved. Two weeks later, however, Foreign Minister Popovic presented the official reply to Riddleberger's presentation, a blunt and aggressive defense of the Yugoslav position. He tied any detailed discussion of the problems to American consideration of increased military aid for Yugoslavia at the "technical conference" proposed earlier by Tito as a substitute for the over-all military planning conference desired by the West.

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Following this talk with Popovic in May, Ambassador Riddleberger joined General Hains in recommending a temporary suspension of all military aid shipments to Yugoslavia. Such a suspension was ordered on 12 May but later rescinded because of the risks involved in such precipitate action prior to the Soviet-Yugoslav conference which was to begin in late May. In June the United States decided that Yugoslavia should continue to receive shipments pending resolution of aid problems, but on a low priority basis.

In the general conference to "appraise" the international situation held by Yugoslav assistant foreign minister Prica and the American, British, and French ambassadors from 24 to 27 June, Belgrade reaffirmed its unwillingness to broaden coordinated defense planning with the West at the present time. Prica did, however, imply more flexibility in the Yugoslav position with his suggestion for high-level military talks on strategic and tactical questions related to US military aid. It was agreed at this conference to begin discussions early in July to determine an agenda for future talks.

The first such discussion, the 9 July conference between Hains and Vuckovic, offers less basis for hopes of Yugoslav flexibility. Vuckovic outlined the standard Yugoslav grievances: (1) although their co-operation has been good in the air force aid program, our deliveries have been slow, and we have refused financial assistance for Yugoslav manufacture of jet aircraft or spare parts; (2) the US completely misunderstands the problem of building up the Yugoslav navy; (3) there is no possibility of Yugoslav permission for an increase in the size of the AMAS group unless American aid is also increased. Vuckovic failed to agree to any change in the method of operating the aid and inspection program, or to acknowledge the need for closer co-operation. He asked whether the increased problems surrounding the aid program were not caused by a change in the American attitude toward Yugoslavia.

In Hains' opinion, the higher level of co-operation from the Yugoslav air force has been attributable solely to the fact that the bulk of the air equipment has not yet been delivered. As aid for the Ljubljana army is drawing to a close, the Yugoslavs see no reason to improve co-operation in that realm. Hains believes there will be no improvement in the situation unless a new agreement is drawn up, spelling out in detail the responsibilities of AMAS in implementing the aid program.

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In commenting on the Hains-Vuckovic conference, Riddleberger stated his conviction that the Yugoslav government intends to employ delaying tactics as long as equipment deliveries continue. He stated that he and Hains see no advantage to agreeing to the "technical conference" and that the United States' position should be that it must await the solution of the immediate problems.

The Yugoslavs will almost certainly react with considerable irritation to any delay in aid or to American refusal to engage in the "technical conference." Their general tactic has been to commit themselves to nothing before that conference, probably in the expectation that it would reveal the prospects for increased American aid, giving them a guide for future action, and in the belief that their stalling will be effective in changing the US position. Although the US has never formally agreed to Belgrade's suggestion for such a conference, Yugoslav officials apparently blandly assume that it will occur.

Except for the statement that they have been offered a license to manufacture MIG's, a hint probably designed to encourage help for Belgrade's efforts to produce a Western jet, there is no evidence that the USSR has made any specific economic proposal which would increase Yugoslav intransigence in regard to the aid problems. The Soviet proposal for ten- or twelve-year loans at 2 percent was not considered "aid" by the Yugoslavs.

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